

GLOBAL

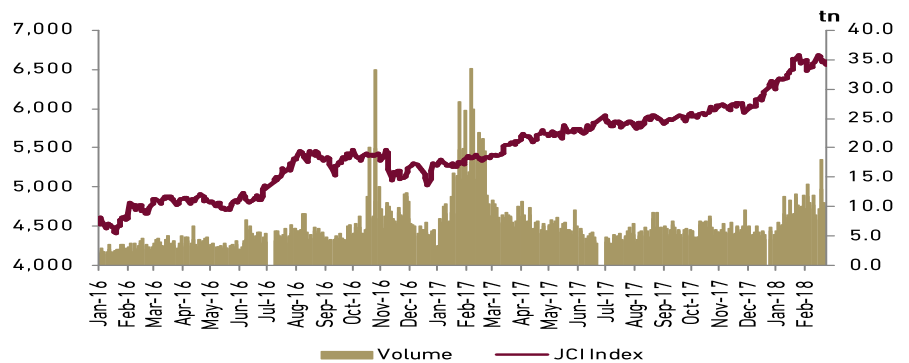
Index	Last	Change	% chg
Dow	25,029	-380.83	-1.50
S&P 500	2,714	-30.45	-1.11
Eido US	28.6	-0.16	-0.56
H.S.I	30,845	-423.94	-1.36
Nikkei	22,068	-321.62	-1.44
STI	3,518	-22.45	-0.63
KLCI	1,856	-15.26	-0.82
Kospi	2,427	-28.78	-1.17
SET Thai	1,830	-0.26	-0.01

- Manufacturing PMI increased to 51.4 in February
- Waskita FY17 results exceed our expectations on strong revenue and margin
- BBRI 1M18 net profit reaches Rp2.3 tn (6% YoY)
- BBTN 1M18 net profit grows 32% YoY
- BNGA 1M18 net profit at Rp256 bn (15% YoY)
- Salim Ivomas reports FY17 net income of Rp512 bn; in line with ours.
- Semen Baturaja eyes 44% YoY net profit growth

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	66.5	-0.77	-1.14
WTI Crude Oil (\$/bbl)	61.6	-1.37	-2.17
CPO (MYR/ton)	2,571	15.00	0.59
Gold (US\$/tr ounce)	1,318	0.08	0.01
Nickel (US\$/ton)	13,744	-54.00	-0.39
Tin (US\$/ton)	21,640	-180.00	-0.82
Pulp (US\$/ton) weekly	1,069.1	0.00	0.00
Coal (US\$/ton)	104.3	-0.05	-0.05

JCI STATISTIC



BEI STATISTICS

JCI	6,597
Change (1 day)	-0.03%
Change YTD	3.80%
P/E Market (X)	16.9
Volume (mn shr)	9,710.6
Value (Rp bn)	8,545.4
↑ 163 ↓ 204 ↔ 205	
LQ45	854
% Change (1 day)	0.28%

DAILY TECHNICAL VIEW

We expect JCI to trade between 6,520 (support) – 6,630 (resistance) level today

BBCA: Take profit at Rp 23,175-Rp 23,500

Comment: Closed below support level

BBRI: Take profit at Rp 3,780-Rp 3,850

Comment: Testing resistance level

BBTN: Take profit at Rp 3,740-Rp 3,800

Comment: Testing resistance level

WSKT: Take profit at Rp 2,910-Rp 2,970

Comment: The trend turn into sideways

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	4.25	4.25
Fed fund rate (%)	1.50	1.25
inflation mom (%)	0.62	0.71
Inflation yoy (%)	3.25	3.61

MARKET REVIEW & MARKET OUTLOOK

Regional

U.S. stocks fell sharply with the DJIA closing by 380.83 points lower at 25,029.20 or -1.5% as it lost more than 240 points in the final 60 minutes. The S&P 500 fell 0.9% to 2,713.83, with with energy as the worst-performing sector. NASDAQ ended 0.8% lower at 7,273.01. NASDAQ closed lower for the first time in eight months period. The volatile move came from fears of rising inflation that sent rates higher and caused market volatility surged. The market not sure what to expect from the Fed and this uncertainty it's going to continue for the next several months. On commodity markets, Brent Crude Oil slipped by 1.14% to USD66.5/bbl and WTI Crude oil decreased by 2.17% to USD61.6/ bbl. CPO was up by 0.59% to MYR2,571/ton and Coal was down by 0.05% to USD 104.3 /ton

EXCHANGE RATE

	Last	Change	% chg
1 USD = IDR	13,751	72.00	0.53
1 USD = SGD	1.33	0.00	0.05
1 USD = JPY	106.63	-0.05	-0.05
1 USD = AUD	1.29	0.00	-0.03
1 USD = EUR	0.82	0.00	0.00

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	29.0	-0.04	-0.14	3,992	333,002
ISAT	0.4	0.00	0.00	5,225	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

Domestic

JCI closed slightly lower by 1.7 points or -0.03% to 6,597 on Wednesday trading and recorded Rp847 bn net foreign sell. The laggard sectors were Misc. Industry (-1.31%), Finance (-0.68%), Trade (-0.43%), mainly driven by BBKA (-1.59% to 23,175), BMRI (-1.48% to 8,300), ASII (-1.52% to 8,075) as the key movers. Rupiah weakened by 72 points to 13,751/USD. Our technical desk suggests for trading within the band of 6,520 – 6,630, with possibility to end at lower level.

MANUFACTURING PMI INCREASED TO 51.4 IN FEBRUARY

According to IHS Markit, manufacture sector in Indonesia experienced a rapid increase in February as its PMI increased to 51.4 from 49.9 in January. Producers increased their production level at the quickest pace since June 2016. The recovery in domestic markets outweighed the slight decline in overseas demand for Indonesian goods, with total new orders and output both rising for the first time since last November. Better performance of manufacture stimulated positive job growth for the first time in nearly one-half year. Furthermore, the rate of employment growth was the second strongest recorded in the series history. However, recent currency depreciation gave additional input cost to manufacturers. Although it was still below series trend, key concern still remained in input cost as the output charge inflation remained modest.

Comments: This is a good sign for Indonesia manufacture and consumption this year as domestic demand started to heating up. Additional jobs may boost purchasing power and eventually consumption in the end.

WASKITA FY17 RESULTS EXCEED OUR EXPECTATIONS ON STRONG REVENUE AND MARGIN

Waskita Karya (WSKT) posted FY17 net income of Rp3.9 tn , up more than double YoY, exceeding our and consensus forecast by both around 21%. This came on the back of strong 90% YoY revenue growth to Rp45.2 tn (105% of our FY17F) and margin expansion across the board. This led to operating profit growing by 132% YoY to Rp7.4 tn , which came 16% higher than our forecast. However, 4Q17 net profit was down 23% QoQ to Rp1.3 tn, bucking the strong growth trend in 4Q, due to lower revenue (-17% QoQ) and loss in Joint operation as well as jump in opex (+168% QoQ). On new contract, the company booked new contract of Rp56.6 tn in FY17, down 20% YoY , but orderbook still grow by 33% YoY to Rp138 tn. Meanwhile, WSKT still booked negative operating cash flow of Rp5.5 tn, however, it improved from Rp7.8 tn in Fy16.

Comment: We are reviewing our earnings forecast and target price for WSKT following better-than-expected results. We still wait for release of more detailed financial figures. WSKT is now trading at 11.2x 2018F PER.

WSKT FY17 results

Rp bn	FY17	FY16	YoY	4Q17	3Q17	QoQ	2017F	FY17A/F
Revenue	45,212.9	23,788.3	90%	16,678.6	20,128.1	-17%	42,898.0	105%
Gross profit	9,463.5	3,967.8	139%	3,813.5	3,994.7	-5%	7,684.7	123%
Gross margin (%)	20.9%	16.7%	4.3%	22.9%	19.8%	3.0%	17.9%	
Operating profit	7,385.8	3,179.6	132%	2,363.5	3,585.0	-34%	6,346.1	116%
Operating margin	16.3%	13.4%	3.0%	14.2%	17.8%	-3.6%	10.7%	
Net profit	3,881.1	1,713.3	127%	1,309.4	1,696.3	-23%	3,200.9	121%
Net margin	8.6%	7.2%	1.4%	7.9%	8.4%	-0.6%	8.1%	

SEMEN BATURAJA EYES 44% YOY NET PROFIT GROWTH

Sement Baturaja (SMBR) targets FY18F net profit to stand at Rp211 bn, or 44% higher compare to FY17 target. According to CEO, as per January'18, the sales volume growth has reached 25% YoY to 161,000 tons. As such, the sales volume is expected to jump by 54% YoY to 2.75 mtons this year; hence potentially book Rp2.57 tn revenue or up by 66% YoY. In addition, SMBR shareholders agreed about 25% dividend payout ratio, or Rp36.7 bn.

Comment: Unlike the condition in West Java, South Sumatera is experiencing solid demand growth for cement, following the numbers of infrastructure projects. So, SMBR is very well positioned, as they hold the biggest capacity in that area.

BBRI 1M18 NET PROFIT REACHS RP2.3 TN (6% YOY)

Bank Rakyat Indonesia (BBRI) reported Rp2.3 tn net profit in 1M18 (6% YoY). PPop increase by 11% YoY in 1M18 on strong non-interest income (25% YoY) and low opex growth (6% YoY). Provision expense recorded at Rp1.8 tn in 1M18 or increase by 35% YoY, thus the loan loss reserve level grew by 32% YoY. Total loan grew by 10% YoY, deposit grew by 12% YoY.

Results summary (Rp bn)	1M17	1M18	YoY	1M18/ 2018F
Interest income	7,732	8,380	8%	8%
Interest expense	2,182	2,536	16%	8%
Net interest income	5,550	5,845	5%	7%
Non-interest income	1,311	1,632	25%	8%
Opex	2,672	2,838	6%	7%
PPoP	4,189	4,639	11%	8%
Provision expense	1,364	1,834	35%	10%
Operating profit	2,825	2,804	-1%	7%
Income tax	651	505	-22%	6%
Net profit	2,174	2,299	6%	7%
Total deposits	694,173	776,822	12%	
- Demand	124,553	136,172	9%	
- Saving	288,606	335,569	16%	
- Time	281,014	305,080	9%	
Gross loans	636,327	700,623	10%	
Loan loss reserves	(22,920)	(30,355)	32%	
Key ratios (%)				
NIM	8.6	7.9		
CASA to total deposits	59.5	60.7		
Cost-to-income	38.9	38.0		
Credit cost (%of avg. loan)	2.6	3.1		
Tax rate	23.1	18.0		
LDR	91.7	90.2		

BBTN 1M18 NET PROFIT GROWS 32% YOY

Bank Tabungan Negara (BBTN) posted 1M18 net profit at Rp206 bn (32% YoY). PPOP increased 50% YoY on strong growth from both net interest income and non interest income. Opex grew by 16% YoY. NIM strengthened to 4.3% in 1M18 from 4.1% in 1M17. Total loan recorded to grow by 20% YoY, while total deposit 18% YoY.

Results summary (Rp bn)	1M17	1M18	YoY	1M18/ 2018F
Interest income	1,447	1,761	21.6%	8%
Interest expense	838	986	17.6%	8%
Net interest income	609	775	27.3%	7%
Non-interest income	106	128	21.5%	6%
Opex	498	578	16.2%	8%
PPoP	217	325	49.9%	6%
Provision expense	11	60	440.2%	8%
Operating profit	206	265	28.8%	6%
Income tax	49	59	19.6%	6%
Net profit	157	206	31.7%	6%

Total deposits	145,309	172,057	18.4%
- Demand	41,796	48,783	16.7%
- Saving	29,810	37,607	26.2%
- Time	73,704	85,668	16.2%
Total liabilities	190,763	231,418	21.3%
Gross loans	163,900	197,065	20.2%
Loan loss reserves	(2,092)	(2,397)	14.6%
Total assets	209,898	253,286	20.7%
Shareholders equity	19,135	21,868	14.3%

Key ratios (%)

Asset yield	9.8	9.8
Cost of funds	6.9	6.8
NIM	4.1	4.3
CASA to total deposits	49.3	50.2
Cost-to-income	69.6	64.0
Credit cost (%of earning assets)	0.1	0.3
Tax rate	23.9	22.1
LDR	112.8	114.5
LLR to total loans	1.28	1.22
ROA	0.9	1.0
ROE	9.9	11.4

BNGA 1M18 NET PROFIT AT RP256 BN (15% YOY)

BNGA posted 1M18 net profit at Rp256 bn (15% YoY). PPOP increase by 31% YoY on strong growth from non interest income. Opex also maintained efficient with 2% YoY growth in 1M18. NIM declined to 5.4% in 1M18 from 5.9% in 1M17. Total assets grew by 10%, with total loan still slow while other earnings asset grew stronger, indicating that the bank still put some excess liquidity in other earnings assets i.e marketable securities and reserves.

Results summary (Rp bn)	1M17	1M18	YoY	1M18/ FY18E
Interest income	1,622	1,636	1%	8%
Interest expense	662	670	1%	8%
Net interest income	960	966	1%	7%
Non interest income	157	323	105%	9%
Opex	605	616	2%	8%
PPoP	513	673	31%	8%
Provision expense	215	316	47%	9%
Operating profit	298	357	20%	7%
Income tax	75	101	34%	7%
Net profit	223	256	15%	7%
Total deposits	170,223	177,093	4%	
- Demand	47,099	54,341	15%	
- Saving	44,442	47,494	7%	
- Time	78,683	75,258	-4%	
Total liabilities	200,496	220,875	10%	
Gross loans	157,023	158,576	1%	
Loan loss reserves	(7,468)	(7,083)	-5%	
Other earning assets	42,727	58,129	36%	
Total assets	234,612	257,622	10%	
Shareholders equity	34,117	36,747	8%	
Key ratios (%)				
Asset yield	10.0	9.2		
Cost of funds	4.1	3.8		
NIM	5.9	5.4		
CASA to total deposits	53.8	57.5		
Cost-to-income	54.1	47.8		
Credit cost (%of IEA)	1.3	1.8		
Tax rate	25.3	28.3		
LDR	92.2	89.5		
ROA	1.1	1.2		
ROE	7.9	8.5		

SALIM IVOMAS REPORTS FY17 NET INCOME OF RP512 BN; IN LINE WITH OURS.

Salim Ivomas Pratama (SIMP) booked relatively flat -5% YoY net income growth in FY17 of Rp512 bn on the back of FY17 revenue of Rp15.83 tn (+9% YoY). The operating profit recorded at Rp1.82 tn (-11% YoY) with operating margin declined to 11% in FY17 while net income margin reduced to 3%. On quarter to quarter basis, SIMP 4Q17 revenue down by 3% while operating profit increased by 2% QoQ. A gain in forex and higher interest income supported net profit to increase by 160% QoQ to Rp106 bn in 4Q17.

Comment: SIMP FY17 revenue came within our and consensus' expectation, representing 101% and 101% of ours and consensus' full year 2017 revenue estimates. The FY17 earnings also met our expectation at 98% though below than consensus' estimations, accounted for 84% of consensus' full year 2017 net profit estimates. We maintain BUY on SIMP with TP Rp570 implying 2018F PE of 15x.

Rp bn	FY17	FY16	YoY	4Q17	3Q17	QoQ	FY17F	FY/17F
Revenues	15,827	14,531	9%	3,593	3,715	-3%	15,626	101%
Cost of revenue	(12,403)	(11,112)	12%	(2,811)	(2,920)	-4%		
Gross profit	3,424	3,419	0%	782	795	-2%	3,661	94%
Gross margin (%)	22	24	-2	22	21	0	23	
G&A expenses	(934)	(909)	3%	(235)	(251)	-6%		
Marketing expenses	(608)	(551)	10%	(139)	(172)	-19%		
Other op. income (exp)	(64)	92	-170%	(27)	17	-260%		
Operating expenses	(1,607)	(1,368)	17%	(402)	(406)	-1%		
Operating profit	1,817	2,050	-11%	380	371	2%	2,137	85%
Operating margin (%)	11	14	-3	11	10	1	14	
Forex gain (loss)	11	59	n.a	5	(9)	-153%		
Interest income	73	113	-36%	18	2	745%		
Interest expense	(696)	(718)	-3%	(169)	(178)	-5%		
Other income (exp)	(11)	(110)	-90%	(5)	27	-117%		
Total other inc (exp)	(623)	(656)	-5%	(151)	(158)	-5%		
Pre-tax profit	1,194	1,395	-14%	229	213	8%		
Tax	(498)	(785)	-36%	(102)	(142)	-28%		
PBMI	695	610	14%	127	71	79%		
MI	(183)	(71)	156%	(21)	(30)	-30%		
Net profit	512	538	-5%	106	41	160%	522	98%
Net margin (%)	3	4	-	0	3	1	3	
Revenue breakdown								
Plantations	5,441	4,965	10%	988	1,430	-31%		
EOF	10,386	9,566	9%	2,606	2,285	14%		
Production Volume								
FFB nucleus ('000 ton)	3,109	2,981	4%	792	876	-10%		
Yield (ton/ha)	14.8	14.6	1%					
FFB external ('000/ton)	934	983	-5%	226	248	-9%		
CPO ('000 ton)	842	833	1%	216	233	-7%		
Extraction rate (%)	21.9	21.8	0.1%					
Yield (ton/ha)	3.2	3.2	0%					
PK ('000 ton)	205	201	2%	54	57	-5%		
Extraction rate (%)	5.3	5.2	0.1%					

Source : SIMP, Ciptadana Estimates

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TECHNICAL ANALYSIS

JCI : (6,597 -0.02%)

Comment : BBCA, BMRI and ASII consecutively became lagging movers. Technically, JCI closed below minor resistance level of 6,600. Support level at 6,520. Next support and resistance level at 6,426-6,690. According to traditional technical approach, incase the index will continue the mid-term uptrend, then the consolidation pattern that occurs will likely form a flat or triangle pattern. If the index will form a flat pattern, JCI will test support level of 6,426 before continue the uptrend cycle. Meanwhile, if the index will form a triangle pattern, the process of consolidation will hold above support level of 6,500. Level of 6,426 become critical support level. The penetration of this support level will indicate that the short-term trend turn into negative and the index will form a reversal double top pattern. The next support level would be around the level of 6,200. Based on Elliot wave approach, one of alternate wave countings is the index now is doing wave (v) which is the last wave of the uptrend cycle. The lowest level of 5,022 which occurred on December 23, 2016, was the origin level of the short-term uptrend cycle, and the highest level of 5,360 which occurred on January 9, 2017 as the peak of sub wave up (i). The lowest level of 5,228 which occurred on January 23, 2017 as the bottom of sub wave (ii). We revised the wave counting for the peaks of sub wave (iii). The highest level of 6,686 could be the peaks of wave (iii). Based on this assumption, the index is now in the process to form corrective wave abc to find the bottom of sub wave (iv) before forming sub wave (v). This wave counting is automatically false if the index moves below the level of 6,426 which indicate that the peak of wave (v) is already founded and JCI begins to form the mid-term corrective wave.



STOCK OF THE DAY

BBCA : Testing support level

The price closed below minor support level of 23,300. If the breakout confirm, level of 23,300 will turn into resistance level. Support level at 22,150-22,500 which is support level of the mid-term uptrend line. Next support and resistance level at 20,350-24,500. ST : Take profit, MT : Buy on weakness at support level



BBRI : Testing resistance level

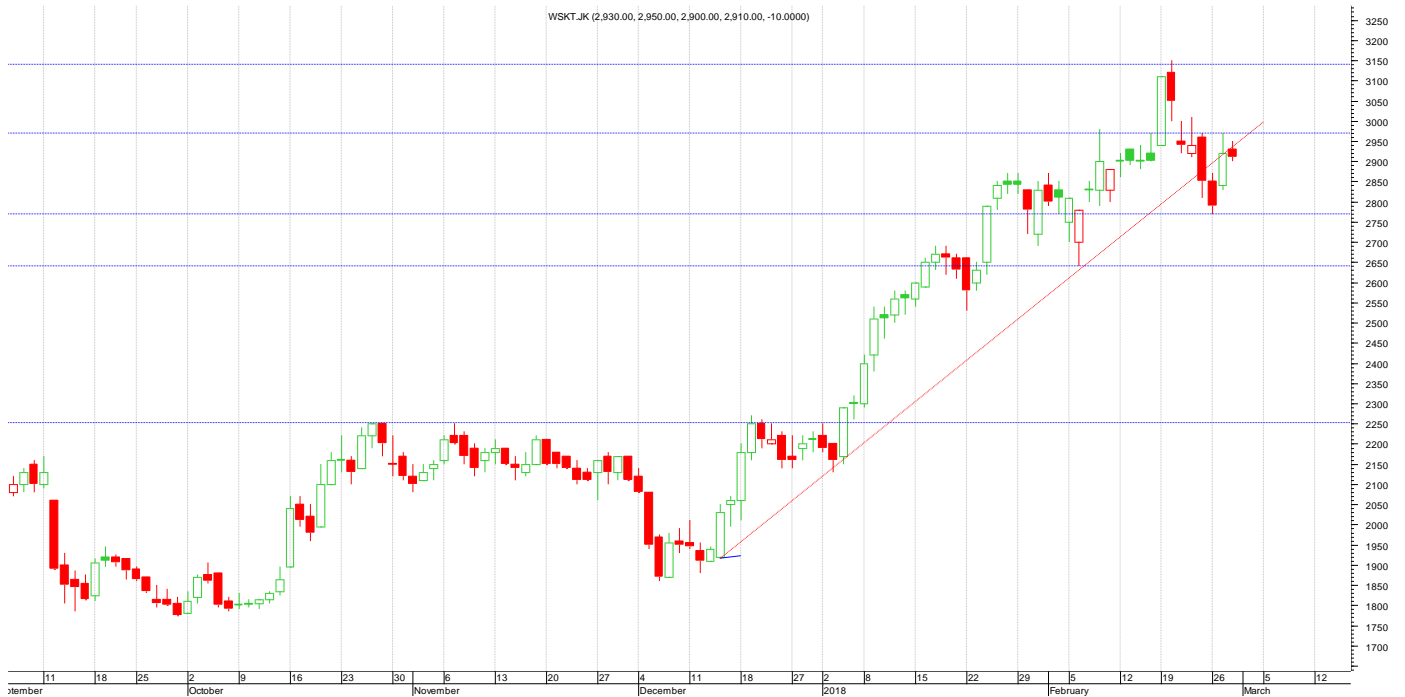
The price closed below minor resistance level of 3,810. Support level at 3,630. Next support and resistance level at 3,450-3,920. The price moved in uptrend in the last thirteen months. Take profit/Sell on strength



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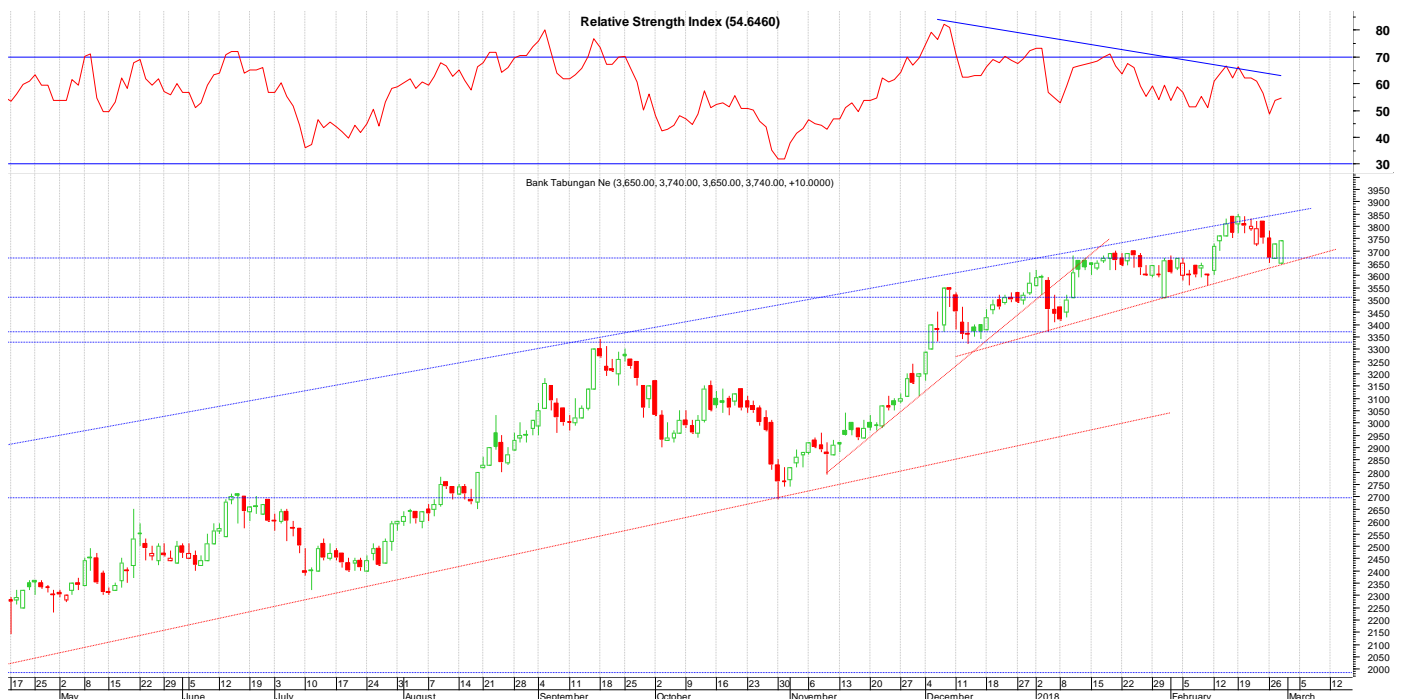
WSKT : Retest the breakout

The price closed below resistance level of 2,970. Support level at 2,770. Next support and resistance level at 2,640-3,150. The price moved below support level of the short-term uptrend line and now the price is retesting the breakout. If the breakout confirm, the trend will turn into sideways. Take profit.



BBTN : Testing resistance level

The price closed above support level of the short-term uptrend line 3,650. Resistance level at 3,850. Next support and resistance level at 3,500-4,000. Indicator of RSI form a negative divergence that indicate that the trend could reversal. Take profit/Sell if the price moves below the level of 3,650.



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 13,700 -13,775

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	5.16
3	6.11
5	6.05
10	6.63
15	7.09
30	7.42

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.55	5.80	5.72	5.72	5.36
US\$	0.82	0.85	0.86	0.82	
JIBOR (RP)	4.91	5.31	5.68	5.97	

BASE LENDING RATE	
BI RATE	4.25
FED FUND RATE	1.50
LPS INSURED RATE	
IDR	5.50
US\$	1.00

EXCHANGE RATE		
EXCHANGE RATE		% chg.
1 US\$ = IDR	13,751	-0.52
1 US\$ = SGD	1.33	-0.05
1 US\$ = JPY	106.63	0.05
1 US\$ = AUD	0.78	0.03
1 US\$ = EUR	1.22	0.00

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Analyst Certification

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